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Honorable Mayor Terrill Hill
City Commission Members
201 N. 2nd St.
Palatka, FL 32177

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Cc: Mr. Matt Reynolds, Finance Director; Fire Chief Mike Lambert; Ms. Candy Augustine, Ennead LLC

Executive Summary Report
Overview of Simplified Fire Protection Assessment Apportionment Strategy
Palatka, Florida

Dear Honorable Terrill Hill and City Commission Members:

This is a written executive summary report, which among other things, summarizes a budget analysis, describes a simplified apportionment method and provides funding (amount) scenarios for decision-making purposes. This information then necessarily will allow for the resultant determination of the proposed assessment for any specific tax parcel, whether developed or undeveloped in the entire community.

INTRODUCTION AND PURPOSE

The City of Palatka, Florida (City) in Putnam County has expressed an interest in exploring and better understanding a reasoned special assessment methodology to fund a portion of the annual operating and capital costs associated with the Palatka Fire Department (PFD). Special assessments are levies made against certain real property to recover all or part of the cost of a specific service or capital improvement deemed to benefit those real properties which may be collected either through the City's direct billing of affected property owners or by inclusion on the annual property tax bill, a procedure known as the uniform collection method.

The City's expressed interest in establishing a fire protection assessment strategy is multidimensional. The simplified fire protection assessment strategy presented ("Simplified Fire") is a powerful and flexible public administration and communications tool. The implementation of a Simplified Fire funding program, among other things, can provide long-term stability to the fire protection program while allowing the City the flexibility of possibly lowering a millage rate that ranks among the highest in the state.

The City has engaged Mark G. Lawson, P.A., GAI Consultants, Inc., and Ennead LLC ("the "Project Team")[1] to describe and analyze those special benefits associated with the provision of fire protection services and facilities to

[1] This Simplified Fire work is subject to a cooperative purchase agreement provision allowed for under a prior competitive procurement through the City of Inverness at http://www.inverness-fl.gov/. Further, this engagement/work falls under legal services and related use of consultants in anticipation of a declaratory action.

each of the various tax parcels of property in the City using the Simplified Fire approach described herein.[2] This Simplified Fire strategy represents a reasoned alternative and equity tool for allocating and sharing all or some portion of benefits, burdens, and the budgeted annual costs associated with the availability of PFD's essential services and facilities. This analysis is unique to the PFD and its budget data. GAI has reviewed the relevant data in Appendix A and shares this summary; Ennead LLC has applied the Simplified Fire methodology described herein to a publicly generated and statutorily required data base to present decision-making information in Appendix B.

This executive summary is provided for initial planning and decision-making purposes, though it forms the foundation for implementation should the City determine to proceed with imposition of this alternative methodology. Included is a summary of the Florida law governing special assessments, a description of the special benefits conveyed by the budgeted availability of fire protection services and facilities and a reasoned apportionment methodology reflecting two distinct tiers or classes of assessment allocations;

- Tier 1: a sharing of benefits, burdens and costs for fire protection services and facilities based upon the *relative value of improvements* for each tax parcel in the City as compared to the value of improvements for all tax parcels in the City; and,
- Tier 2: a sharing of benefits, burdens, and costs for fire protection services and facilities on a *per tax parcel* apportionment.

Both are premised upon maintaining a continual state of preparedness and *readiness to serve* whether or not a request for actual assistance is ever received.[3] These two distinct tiers are used to digest the PFD's estimated budget after a reduction for potential advanced life support costs (ALS) to avoid any misunderstanding that emergency medical services are being funded improperly with the resulting special assessments. Prior to apportioning the estimated budget into the Tier 1 and Tier 2 categories, the PFD's adopted budget is adjusted to remove any costs potentially associated with advanced life support (ALS). This adjustment is made to avoid the possibility of challenge that emergency medical services are being funded improperly with the resulting special assessments.[4]

Simplified Fire is a powerful public administration and decision-making tool, several funding examples are included to illustrate application of, and the flexibility offered by, the two-tiered apportionment methodology.[5]

SPECIAL ASSESSMENTS IN GENERAL, FLORIDA LAW

Special assessments are a dedicated revenue source typically available to general purpose local governments to fund capital improvements or essential services. While discussion of the law governing special assessments included herein should not be construed as a legal opinion, there are legal guidelines to draw upon in laying out an

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[2] The use of the maintained database of tax parcels required by law and employed by the local property appraiser and tax collector is a relatively accurate, fair and efficient means to annually allocate or distribute costs. For apportioning benefits and allocating costs to property as discussed herein, the use of tax parcels is reasonable, fair, effective, and efficient for all tax parcels, including statutorily defined parcels such as individual condominium or cooperative units.

[3] Although either of these two tiers might be singularly used to address a significant portion of the budget for special assessment apportionment purposes, together they provide a simplified and powerful equity tool for the City to share assessable benefits, burdens and costs among assessable tax parcels in the City. The combination of these two tiers itself demonstrates equity.

[4] See ADDRESSING THE COST OF EMS on page 12 of this report.

[5] See Appendix B.

assessment methodology which conforms to accepted principles and practices necessary to achieve legal validity. As established by Florida case law, two requirements exist for the imposition of a valid special assessment.

- The property assessed must derive a *special benefit* from the improvement or service provided; and
- The assessment must be *fairly and reasonably apportioned* among the properties receiving the special benefit.

Under both Florida's case law and certain statutory components, it is well settled that the benefit required for a valid special assessment may be measured or benchmarked against something other than simply an increase in real property market value. The concept of benefit also includes the relief of a burden or demand created by property as well as added use and enjoyment of the real property. The benefits then can be conceptual but they must be capable of being evaluated by some metric and being apportioned in some reasonable manner. It is not necessary that the benefits be direct or immediate, but they must be substantial, certain, and capable of being realized within a reasonable time. The benefits must be distinguishable or different from those of non-assessed properties but they may coincidentally extend to non-assessed properties. Specifically, Florida's case law, as well as its statutory regime relating to special assessments, supports substantial latitude both in the means by which *benefit to or relief of burden created by* real property is identified and determined and the subsequent manner by which an assessment itself is calculated or apportioned. Though Florida law requires that special assessments funding improvements or services must be fairly and reasonably apportioned, the State's Supreme Court has held that the method of apportionment is immaterial and may vary provided the amount of the assessment for each property *does not exceed the proportional benefits it receives compared to other properties.*

BENEFIT TO PROPERTY DESCRIBED

Under Florida law, fire protection activities indisputably create special benefits for real property. For the purposes of this executive summary, the reference to benefits specifically includes the annually occurring obligation to underwrite and share the relief of a burden to continually stand in readiness created in the aggregate by the very existence of the various tax parcels in the City. In the aggregate, and overall, the benefits described equal or exceed the costs of readiness to serve and could be rationally apportioned using either or both of the methodology tiers described herein. Although several of the benefits realized may overlap, it is useful for educative and analytical purposes to articulate them separately since they respond to or satisfy different expectations or needs and assume varying qualities. Through agreements with other jurisdictions or agencies, these benefits may be available beyond the assessment area, but they are coincidental and difficult to plan for in advance. For example, such an agreement exists between the City of Palatka and Putnam County for providing mutual aid. Though at this time no compensation for services is exchanged, it is possible that PFD could be reimbursed for coverage beyond the assessment area.

The collective and relative benefits listed below are among those enjoyed by the various tax parcels in the incorporated area of Palatka through the availability of fire protection services and facilities budgeted for continual readiness to serve. These benefits apply to improved and unimproved properties.

- ***Assured Fire Protection On Call.*** First and foremost, PFD has a combined department which includes approximately 21 firefighters whose primary responsibilities are to continually stand in readiness to secure individual properties in this community from the threat of fire and to render fire suppression and rescue services if required. The PFD personnel are composed of dedicated first responders and support staff charged with continually being available to provide fire protection and associated basic medical aid.

- ***Assured First Response Medical Aid On Call.*** Among the responsibilities of the department and its staff is to stand in readiness to provide first response medical aid stemming from fire incidents or related emergency conditions to persons visiting, residing in, working in, or otherwise occupying and/or associated with the residential and non-residential properties in its service area. As with fire protection services that are always on call, the obvious special benefit to real property is assured life safety, and health for residents, visitors, and employees of protected parcels, residences, businesses, and institutions within the City.
- ***Maintenance of Minimum Insurance Rating(s).*** The Insurance Service Office, Inc. (ISO) sets minimum standards for fire and emergency response teams. These standards can be a positive or favorable determinant in actual insurance rates imposed by Florida's insurers for various classes of properties. A basic complement of coverage is necessary to assure that a minimum fire rating is achieved for actuarial purposes. There are distinct differences in insurance ratings for properties protected by trained full-time personnel and those protected by voluntary staff with comparably less equipment and training. That such ratings and the cost of individual coverage for fire insurance vary by location and structural conditions is itself an indicator of the value to property implied by a well-staffed and easily deployed fire unit. As well, the greater or lesser available insurance ratings correspondingly and continuously benefit the attractiveness of unimproved properties for potential improvement or development.
- ***Assured Coverage for Other Emergency Conditions.*** As with most departments engaged in fire protection and associated life safety activities, the sworn fire personnel and their support team provide coverage to improved and unimproved real property, providing incidental services (often to individuals living, working and visiting thereon) associated with a wide range of emergency and potentially hazardous conditions, for example, fire events, accident clearance, spilled contaminants, and control of noxious or incendiary materials.
- ***Protection for the Uninsured.*** Those tax parcels without mortgages and/or fire insurance are materially advantaged by supporting a fire assessment program which becomes, by default, an alternate means to shield equity in property. In this case, the benefits associated with continual readiness to deploy are easily evaluated by the value of the residential, commercial, or other improvements, features, or enhancements which are the measure, in substantial part, of potential loss when a fire incident is experienced.
- ***Enjoyment of Property and Protection of Property Value.*** The combination of available fire protection for tax parcels in the City regardless of insurance ratings, enhanced life safety, personal security and financial advantage yields materially greater enjoyment in real property. As the basic complement of fire protection is enhanced through the assessment, the reduced potential for fire losses or liabilities stemming from a wide variety of incidents occurring thereon become their own benefits to real property.

  When calls are actually received and personnel deployed to a scene of an incident, the economic value of the department's ability to act becomes more apparent as losses are minimized or contained. The losses, or potential losses, or liability, can be reasonably measured in terms of the value attributed to improvements, enhancements, or features on the underlying real property and the parcel itself, but the cost of availability of fire protection services and facilities remains fairly static in the City's budget.
- ***Protection for Improved and Unimproved Properties.*** Clearly improvements or enhancements on a tax parcel benefit from the readiness to provide fire protection, but unimproved properties also benefit. Unimproved tax parcels benefit from fire protection services and facilities when the PFD is ready to put out

yard waste or brush fires, ready to put out fires as a result of illegal dumping, mischief or similar isolated instances, and ready to stop the spread of fires from truly vacant to improved properties.

- ***Relief of Burden.*** The benefits, burdens and costs reasonably associated with an annual and recurring budget that underwrites a continual readiness to serve the various tax parcels in the City in the event of fire incidents can be addressed through a direct assessment vehicle. The burden of these costs is assigned to all tax parcels to which services in the event of a fire are continually available throughout each fiscal year, while other alternative funding sources are relieved of this financial encumbrance.
- ***Overall Economic Advantages.*** The above benefits, viewed in the aggregate, provide a distinct economic advantage to the various improved residential and non-residential tax parcels, as well as unimproved tax parcels in the City. Additionally, properties protected by the availability of fulltime departments with trained personnel typically receive, or are more easily capable of receiving, more attractive insurance rates than those properties that are not so protected resulting in direct benefit to property. The availability of more attractive insurance rates positively impacts both already improved tax parcels as well as making unimproved tax parcels more attractive for development.

BUDGETS AND POLICY

To be clear, the impact of insurance rates are just one of several factors involved in the annual budgeting and provision of fire protection service. Currently, the City maintains a level 2 out of 10 for fire protection based on the ISO's Public Protection Classification (PPC) rating. This rating applies to the area located within the city limits of Palatka.

Though at times difficult to quantify, the ISO's PPC rating for fire departments helps provide a way to determine benefit to property. ISO assesses risk based on a series of criteria grouped into categories of the fire alarm and communications system, the fire department including staff, and the water supply system. The rating standardizes levels of fire protection, with Public Protection Classification of 1 being the best and 10 being equivalent to the lowest rating. Many insurance companies consider the ISO rating of the local fire department when determining the premium for property insurance. Insurance rates are, in part, a function of the insurance carrier and the impact of the ISO's PPC rating, and can vary considerably. However, a two to three point shift in ISO rating can have a notable effect on the price of insurance.

The PFD, like virtually every fire department, provides fire protection benefits through its available capacity to respond. That is, PFD stands alert, ready to respond to the potential of a fire and associated basic life support in such an emergency event. The constant *potential* for the outbreak of a fire represents the predominant requirement for service.

The scale of this potential defines the basic underlying cost of the department's fire infrastructure. Even prior to an incident – without regard to what the nature of the incident or call may require - PFD's personnel and equipment remain in readiness or preparedness. From a policy and public purpose standpoint, this is the predominant activity of the PFD. The amount of resources made available each year, including committable personnel and necessary equipment, is a public administration and policy decision. To limit fire loss and to preserve property values, the City and its fire unit, in this state of readiness, must consider the committable personnel, necessary equipment, and the time likely required to extinguish a fire (*planning or preparing* for the potential incident or event) prior to allocating the direct resources enabling the fire to be extinguished as quickly as possible (*deploying to or intervening* in the incident or event itself). As suggested by the standards of ISO, there are minimal capabilities that must be maintained at all times.

Consequently, an apportionment stemming from a fire department's continual readiness to serve is premised largely on the fact that PFD must maintain and the City must underwrite its preparedness whether or not a fire-related distress call is ever received. Indeed, records of many departments affirm that a significant portion of the benefit derived or burden relieved occurs through readiness or preparedness and not deployment. PFD's preparedness costs are generally those *necessary to maintain the readiness of PFD's fire personnel to respond* to periodic calls, with the actual level of service being a policy or budget decision from year to year.

The constant *potential* for the outbreak of a fire represents the predominant requirement for service. Even *prior* to an incident – without regard to what the nature of the incident or call may require - PFD's personnel and equipment continually remain in readiness or preparedness to provide fire protection services and facilities to all property within the City.

OVERVIEW OF PROPOSED APPORTIONMENT METHOD, RECENT DEVELOPMENTS.

That local governments are afforded great latitude under Florida law with respect to legislative determinations concerning special benefit and reasonable apportionment is well settled law. No single apportionment methodology has emerged as preferable in the governing case law for a given service or improvement. So long as the apportionment is reasonable and not arbitrary, the assessment is generally capable of withstanding legal challenge.

The reasoned assessment methodology described in this Executive Summary has been expressly focused upon and judicially validated in circuit court in Hernando County (Brooksville), Pinellas County, (St. Petersburg), Bay County (Springfield), and Polk County (Haines City) by Mr. Lawson. The concept was subsequently subjected to a challenge and recently upheld by the Florida Supreme Court. The Florida Supreme Court has now also expressly confirmed the use of the two-tiered approach and legal construct (relative improvement value and per-tax parcel upon which Simplified Fire is premised).

In *Morris v. City of Cape Coral*, No. SC14-350 (Fla. May 7, 2015), the Supreme Court addressed a line of reasoning from prior cases, reiterating that the determination of whether a special assessment confers a special benefit on property is not based on whether the benefit is "unique" to that property, but instead whether there is a logical relationship between the assessment on a property and the benefit conferred upon that property. Decisions that seemed to indicate the contrary, including *St. Lucie County-Ft. Pierce Fire Prevention & Control District v. Higgs*, 141 So. 2d 744 (Fla. 1962), turned solely on invalid apportionment, not on inadequate benefit to property. This argument is similar to that made by the City of Haines City and the City of Springfield in their validations and in an *amicus curiae* brief filed in *Morris*.[6] Those cities filed an amicus brief because the Cape Coral methodology in *Morris* had been taken, almost verbatim in some instances, from the methodology in reports and work previously delivered

[6] See Amicus Curiae Brief in Support of Neither Party of the City of Haines City, Florida and the City of Springfield, Florida at 9, Morris v. City of Cape Coral, No. SC14-350 (Fla. May 7, 2015). The cities argued that Higgs did not apply for four reasons, including that the assessment methodology (the apportionment prong) in Higgs materially differed from the cities' approach in that the Higgs apportionment methodology relied entirely on the assessed value for apportionment, rather than the cities' use of improvement value. The Florida Supreme Court then distinguished Higgs from Morris on precisely the same logic.

to Haines City and Springfield and had been represented by Cape Coral in the circuit court as almost identical work and approach provided to other cites by Mr. Lawson, GAI and Ennead LLC. In fact, Cape Coral's expert testified at the trial level hearing that the methodology of the four cities where Mr. Lawson, GAI (formerly doing business as Real Estate Research Consultants) and Ennead LLC had previously developed each of those programs (including Brooksville and St. Petersburg alongside Springfield and Haines City), and validated the Simplified Fire methodology was "almost exactly the same" as the Cape Coral methodology. An amicus brief was necessitated because (1) the consulting proponents of another fire assessment method also challenged the legal sufficiency of the Simplified Fire concept in *Morris* and (2) Cape Coral had made a significant number of errors in preparing its assessment roll, such that almost eight percent (8%) of the tax parcels to be assessed were incorrect. Cape Coral undertook substantial remedial actions, adopting corrective resolutions and successfully worked to avoid introduction of evidence during the challenge to its validation. The Supreme Court opinion in *Morris* noted these errors, but determined that it could validate the bonds and the fire assessment methodology despite such errors. In doing so the Supreme Court also adopted that logic and analysis in the amicus brief filed by Mr. Lawson's firm.

The wider impact of *Morris* is that the legal and conceptual use of the two-tiered Simplified Fire methodology presented in this Executive Summary, and the Supreme Court has determined that a method "almost exactly the same" as Simplified Fire is legally sufficient, valid and approved as compliant with case law and thus not arbitrary nor invalid.

Morris should not be construed to mean that local governments considering the use of special assessments should adopt a particular apportionment methodology solely on the basis of its use elsewhere. The failure to perform a factual and reasoned analysis specific to a set of circumstances in each community can expose another community to legal and political challenges based upon factual differences and/or well-intentioned, but unnecessary use of raw or uncertified public data. Florida's local governments vary in their needs, composition, and policies. The well settled implication is local governments are free to select an apportionment methodology which provides competent and substantial means to share the benefits, burdens, and costs of the fire protection budget and represents the best fit in terms of cost and ease of implementation, not only with respect to affected landowners but also in consideration of the staff required and resources involved with maintenance of the assessment program from year to year.

The parcel identification and classification system required by law to be maintained by the local property appraiser and tax collector will always be sustained and updated over the years as properties within Palatka develop and change. The use of such classification and appraisal system and description of tax parcels is publicly prepared, stable, readily accessible, reasonably consistent and accurate, maintained without cost to the City and capable of being used from year to year without extraordinary consumption of resources better expended to address other fire protection related issues. Accordingly, the assessment approach contemplated herein relies upon such system as a stable, reasoned and standardized resource.

The recommended approach does not rely upon attempted statistical analysis of complex or interim mass appraisal data, or demand-based fire call data maintained by the City's Fire Department or State Fire Marshal for other purposes, or attempt to categorize demand among affected parcels. The *current* analysis instead emphasizes that fire protection service, first and foremost, stands ready to serve and protect real property, and is not actually mobilized to fight fires as frequently as the average citizen might think. As an alternative to demand-based approaches to fire assessment (which attempt to allocate costs among different property classifications), the simplified fire protection assessment approach focuses instead upon the relative value of the improvements[7] protected and the costs associated with maintaining a *continual state of readiness to serve*.

This appealing and simplified approach focuses upon an understandable and reasoned two-tiered approach involving the relative value of improvements protected and the annually budgeted core costs of continual readiness to serve – not independent annual statistical analysis of the random and indiscriminate results of these unique and expensive public services and facilities.

SIMPLIFIED FIRE APPORTIONMENT METHOD: RELATIVE VALUE OF IMPROVEMENTS (TIER 1)

The manner of apportioning a given assessment is immaterial and may vary from jurisdiction to jurisdiction, as long as the assessment for each tax parcel is not in excess of the proportional benefits *as compared to the assessments on other tax parcels*. Therefore fire protection assessments, like other service or capital assessments, may be apportioned in any number of different ways. Conceivably, the entire cost of fire protection services *could* be apportioned among benefited property exclusively on the basis of the value of improvements on each parcel relative to the total value of improvements throughout the jurisdiction and those measures could themselves be substantially varied or weighed.

The simplified fire protection assessment approach removes the severable underlying land from the calculus and focuses upon the built or improved environment targeted each year to be protected by fire services and facilities. Focusing on relative improvement value is a direct and logically related means to share costs, benefits and burdens of availability of fire protection services and facilities. It is also clear improvement value may be utilized as one factor among several considered in a given formula or means since the resulting assessments form a logical base[8] against which the special benefits, burdens and costs may be multiplied or determined.

Apportionment on the basis of relative improvement value (determined using the latest available real property assessment roll prepared by the county property appraiser) recognizes the relatively higher and proportionate benefit accruing to properties facing potentially greater financial loss in the event of fire incident. Besides the advantage of relying upon data prepared by the local constitutional property appraiser in the normal course of his or her responsibilities, an approach based in whole or in part upon value is advantageous and defensible because it is systematic in its estimation of *just value* as the basis for purpose of estimating the value of improvements or enhancements, treats properties with proportionate fairness, has an internal system of controls or appeals, and is self-correcting. That is, value and/or circumstances for each particular parcel may change from year to year in accordance with market conditions and other factors, some very discrete to individual parcels. Where conditions or needs dictate, such variation will be adjusted automatically each subsequent year in accordance with the latest relative value determined by the property appraiser. If the improvements or enhancements on a given tax parcel were to increase or decrease in value with the passage of time relative to the improvement value city-wide, that tax

[7] Such values are fundamental, derived from the end product of the statutory duties of the local property appraiser, and are updated annually resulting in a self-correcting mechanism.

[8] Relative improvement value is not a taxation concept; rather it is derived carefully from information used for taxation purposes. Both *City of Boca Raton v. State*, 595 So. 2d 25 (Fla. 1992), and *City of Naples v. Moon*, 269 So. 2d 355 (Fla. 1972), ably recognize the distinction. The Simplified Fire concept just leverages the carefully and annually developed information in data already publicly maintained so the City can advance accuracy and avoid program costs. Methods other than Simplified Fire are accordingly unnecessarily complex, less reliable, and more expensive to implement, maintain, and poorly understood.

parcel's percentage of the total amount assessed would also increase or decrease proportionately to the whole. Using the improvement valuations employed by the local property appraiser is a fair and reasoned method and proxy for distributing and sharing the multitude of benefits described herein.

There are several important considerations in the analysis of affected improvements subject to Tier 1.

- Improvement value in the context of the Tier 1 assessment is in essence defined as the county property appraiser's officially recorded just market value *minus* any officially recorded land value. The resulting value is a proxy for a parcel's legal attributes or classification, physical characteristics, location, structural conditions and other special attributes or features of the structure or other enhancements, including crops or orchards for example.

  In the case of condominiums or similar statutory regimes - where a land value can become a common element by law, is no longer easily severable from improvements and may be only nominally recognized by the property appraiser, may receive a minimal value, and/or simply not be recorded by the county property appraiser for valuation purposes at all - just value represents the measure for improvement value. This is reasonable because the common legal structure of condominium or cooperative ownership materially restricts the severability of a specific or individual unit from any associated parcel of land. Effectively this limitation conveys benefit that might otherwise exist from land and any other shared common features back to the unit itself in the form of improvement value. This valuation treatment differs from the example of a typical house and lot in which the house might be severed or removed physically by the owner in an unfettered fashion from any associated land to be subsequently replaced with a materially larger and more valuable improvement that can be appraised separately should it be necessary.

- Tier 1 is reasonably confined to a *maximum* improvement value of $10,000,000 per parcel. Like other community resources, those of the fire department are plausibly limited based on planning and expectations. Based on our findings and conversations with fire officials elsewhere, it would be rare that a department would staff for or anticipate an event of this magnitude. Consequently, the consideration of valuations beyond this amount would defray any related cost and risk only minimally.

  In Palatka, there are approximately 4,407 tax parcels in the City that have the potential to be affected by the assessment and only two have an improvement value greater than $10,000,000. Indeed, because these high value tax parcels represent much less than 1% of the tax parcel count overall, the ability to staff, serve and respond in any one circumstance becomes challenged where such concentration exists on an individual tax parcel. Based upon the foregoing, it is rational and reasonable to set this amount as the ceiling for calculating each respective tax parcel's potential assessment following the methods described for the Tier 1 assessment.

IDENTIFYING AND APPORTIONING COSTS TO BE ASSESSED BASED UPON RELATIVE VALUE OF IMPROVEMENTS (TIER 1)

These are costs of the PFD, many of which are largely, but not exclusively, variable and often indeterminate. Many are a direct function of annual negotiated contracts for service or may be the result of changing demand or needs. Even when they can be anticipated in the course of budgetary planning, they may show up as a sudden rise in the budget. In this category then would be infrequent purchases of capital items, gasoline, health contracts, repair and other similar services needed periodically or on demand as well as infrequent overtime labor which together may drive costs on an occasional or so-called "lumpy basis". By their very nature and their level of use capital goods depreciate, lose value, and need periodic replacement so they are properly included in this tier or class. Although for increased equity purposes we do not recommend it, this tier or class could, in theory, logically justify the entirety of the assessable budget based upon the relative value of the improvements on each tax parcel.

SIMPLIFIED FIRE APPORTIONMENT METHOD: READINESS TO SERVE (TIER 2)

Apportionment based upon continual readiness to serve is based primarily upon this premise: a significant portion of the benefit derived or burden relieved by fire protection services stems from the fact that the fire department maintains its preparedness *whether or not* a fire-related distress call is ever received. PFD's preparedness costs are generally those *necessary to maintain the readiness of PFD's fire personnel to respond* to periodic calls.

Though there is minor variation from year to year, core costs associated with readiness to serve are largely recurring, almost fixed over the course of a budgetary period, because they are strongly associated with wages, salaries, administration, and overhead which support the department's basic manpower infrastructure without regard to the nature of an event. That is, these core costs must be absorbed even when the department's firefighting capabilities remain exclusively in standby mode. In this context, these costs *are not* an accounting concept. Rather, they represent, or are associated with, a functional concept for purposes of classification. Their characterization as *fixed* serves only to distinguish basic and nominally changing costs correlated to the department's capacity to respond to a fire event or incident.

The PFD stands alert, ready to respond to the potential of a fire and associated basic life support in an emergency event. The constant *potential* for the outbreak of a fire represents the predominant requirement for service. The scale of this potential, in turn, defines the basic underlying cost of the department's fire suppression infrastructure. Even prior to an incident, PFD's personnel and equipment remain in readiness or preparedness.

The emphasis on capacity as a kind of infrastructure that *may or may not* be called into service differentiates fire protection services from most other services normally offered by local government such as garbage collection or the provision of water and wastewater treatment. In these other examples, demand is generated by discrete system users, is measurable within some level of accuracy, is typically constant, not random or sporadic, and can normally be more accurately programmed in advance. In any case, the immediate provision of these services is not typically required in an emergency circumstance to prevent substantial loss of property or life.

Stated somewhat differently, fixed costs associated with readiness to serve logically apply to *every* tax parcel of real property in the City and will be incurred absolutely without regard to that tax parcel's physical character, use, or composition. On the other hand, other fixed and more variable costs can be logically associated with the relative value of improvements assigned to the various tax parcels in the City. Most staffing stems from procedural specifications and a planned level of service, so the associated costs are relatively fixed or predetermined for a budget period. The costs of fuel and equipment damage incurred in response to incidents, by contrast, are obvious examples of variable costs. Additionally, some costs may have both fixed and variable characteristics such as periodic capital expenditures which, to sustain a state of readiness, may be expended in a single year or over many years.

IDENTIFYING AND APPORTIONING COSTS TO BE ASSESSED FOR READINESS TO SERVE (TIER 2)

In virtually every fire department, labor costs comprise the largest share of total costs on an annualized basis. Such costs are those associated with wages, salaries, general administration, payroll taxes and mandated contributions to retirement. Pension funding is one of many reasons that the fire protection related budget and any assessment will require careful annual attention this year and in the future.

The labor costs are relatively determinant based on an expected staffing level to deliver a planned and expected level of service and are largely, but not altogether fixed. These are core costs of being continually ready to serve and must be incurred whether a fire event occurs or not. The functional fixed nature of these costs logically can be attributed to the existence of the number of tax parcels and not just their various improvements protected or any other physical characteristics. Thus, sharing these core fixed costs is equitably and reasonably shared by all of the tax parcels which benefit in a substantially similar degree from the predominant readiness to serve aspect of such costs. This allocation is further strengthened from an equitable standpoint in that other costs are also apportioned by the relative value of improvements approach in Tier 1.

THE USE OF TIER 1 AND TIER 2 TOGETHER

The PFD provides only first response aid often defined as basic life support (BLS). Patient transport and advanced life support (ALS) are provided by Putnam County Emergency Medical Service. The fire protection budget was analyzed during preparation of this summary executive summary, and expenses which appeared is to be even remotely related to ALS were eliminated from consideration for assessment to observe the prohibitions set forth in Florida case law.

The apportionment methodology contemplated and recommended herein involves a two-tiered approach corresponding to any *remaining* reasonably fixed costs and those costs other than fixed after adjustments for ALS. By incorporating the alternative and supplemental use of Tier 2, along with Tier 1, the City achieves a "blended" approach that achieves equity through diversity of approach and allows policy makers, with understanding of their community's funding needs, more flexibility in achieving both a reasoned and fair approach. The combination of both tiers has logical and identified relationships to the benefits, burdens, and costs of the affected tax parcels, creating a strong, rational, and proportionate vehicle that can be further linked to or supplemented by other legally available funding resources.

It is also well-settled in Florida case law that local governments, should they impose an assessment, are not required to *fully* fund that service or improvement through the special assessment itself. The local government may determine, entirely in its own discretion, to fund some portion of the overall cost with general fund or other legally available revenues. An example of other revenues would be impact fees charged to some new developments that may require the fire department to expend additional capital resources. Such impact fees often go towards the purchase of a new fire vehicle or the building of a new fire station. To be clear, a local government may not impose an assessment for the same capital items purchased with impact fees. Impact fees, however, do not have an effect on the current PFD budget due to an impact fee moratorium that has been and remains in place. In the future, if impact fees contribute to the PFD budget, it will be necessary to exclude certain line items imbedded in an impact fee transfer and capital outlay from any budget analysis that would be used to allocate budget items to either the Tier 1 or Tier 2 Costs.

Each assessment tier can be funded at a rate independent of the other. For example, the City could impose an assessment for 75% of the costs attributable to Tier 1, but collect a lesser or greater percentage of the costs attributable to Tier 2. As a matter of policy or financial flexibility, the City Commission as the local legislative body may find it useful to assess an assessment for the identified core fixed costs in an amount less than the total assessable amount, supporting or offsetting the balance of the same costs through general revenues or other legally available means. The two-tiered methodology described herein is thus responsive to the need for political flexibility and accommodates local policy determinations regarding the relevant variables for each tier within the paradigm of continued legal sufficiency.

ADDRESSING THE COST OF EMS

An exemplary budget based upon the PFD's 2015 fiscal year budget is attached as Appendix A. The exemplary budget was utilized for the analysis summarized herein and includes an initial assignment of individual line item expenditures to each of the two tiers comprising the overall assessment.

In order to determine the portion of the budget appropriate for recovery through special assessment, it is important to emphasize the limitations established by Florida case law regarding emergency medical services. The Florida Supreme Court has determined that ALS services or emergency medical services (EMS) primarily benefit persons instead of real property and therefore *such services, other than first response medical aid routinely delivered by firefighters* cannot lawfully be funded through special assessments. To the extent the costs of EMS services, if any, may be reflected in a fire department budget, such costs must be isolated from other fire related tasks or responsibilities and funded through means other than special assessments in order to avoid debate as to the case law validity of any fire related special assessment.

In Florida, first response aid is considered one of the primary professional obligations of a trained firefighter, a point made clear by the Florida Supreme Court. Indeed, every fire professional must have a specified minimum number of hours of training related to the provision of such aid. Emergency Medical Technician (EMT) certification, as well as BLS certification is a requirement of hiring for PFD firefighters. Not atypically in Florida, first response often takes the form of BLS provided by firefighters also trained as EMTs. Such aid is rendered as the *first response* to the those victims, patients or others confronted with an incident, life-threatening illness, or injury needing immediate stabilization until the patient can be transported and given full medical care by other clinicians.

Case law acknowledges the potential for integration of duties in a fire rescue unit so this added training has an obvious value and role. In Palatka, all firefighters maintain the ALS paramedic certification. PFD firefighters are required to pay for all training and annual costs for recertification, including EMT recertification. Fifteen of the 21 firefighters hold certifications as Fire Inspectors and fifteen are certified in FDOT Hazmat transport and handling. For the purpose of this assessment analysis, *all* training costs have been excluded from the PFD budget to avoid any costs to be improperly included in any assessment costs for impermissible emergency medical services.

As is often the case with municipalities, the lines between first response and more intensive care may be blurred when examining the PFD budget. In Palatka, the role of life support and transport falls *exclusively* to the Putnam County Emergency Medical Services, meaning the cost of such services does not appear in the Palatka fire budget.

Because the *potential* exists for EMS costs to bleed into PFD's budget even though there appears to be no direct manner in which this could happen, we have elected to *exclude* even the appearance of funding EMS services by further eliminating any costs associated with any training programs undertaken by the PFD as is demonstrated in Table 1. In order to ensure compliance with Florida case law regarding the funding of EMS, those costs would be funded instead by other legally available means and the balance of the budget would comprise legally assessable costs and be absorbed through the combination of Tier 1 and Tier 2 assessment revenues. Because of this careful budget analysis, it can be reasoned plausibly and realistically that *all* costs in the adjusted or remaining PFD budget are appropriate for recovery through special assessments in the manner described in this analysis.

The use of the adjusted PFD budget presents a very conservative approach with exclusion of costs that might be construed to be in support of ALS excluded to avoid debate as to compliance with case law.

Table 1, for exemplary purposes, summarizes the percentage allocation of the entire budget between the two tiers as more fully described in the assumed PFD FY 2015 Budget included as Appendix A. The actual dollar amount, and thus the rates for each tier, will be a policy decision with the total amount funded with any assessments determined by the Commission.

Table 1: Tier Allocation

	Tier 1	Tier 2	ALS Adjustment	Total
Distribution	29.3%	70.7%	1.1%	100%
Dollar Amount	$615,973	$1,484,979	$23,000	$2,100,952

EXCLUSION OF CERTAIN PARCELS

Research reveals there are approximately 4,460 tax parcels within the boundaries of the City that are potentially affected by the analysis and approach outlined herein. Among these are approximately 137 tax parcels owned by governmental entities which must be excluded since governmentally-owned parcels which are used by the government for public purposes cannot be subject to special assessment.[9] An additional 53 tax parcels may not benefit from fire protection services or are otherwise inappropriate or infeasible to assess based on physical configuration, such as submerged or undevelopable lands. In addition there are approximately 111 "institutionally-coded" parcels (e.g. churches, non-profits, etc.) which the City may, in its discretion, exempt from the assessment based upon public policy determinations. Amounts associated with any exemption of tax parcels from the assessment must be funded through other legally available funds of the City.

FUNDING EXAMPLES

Various funding examples illustrating the two-tiered apportionment approach summarized herein are included in Appendix B. The examples are provided to assist in decision-making based upon the assumed budget and an intensive review of the array of tax parcels affected.

PUBLIC ADMINISTRATION AND POLICY DECISION-MAKING OPTIONS

This summary executive summary strongly supports a layered or tiered assessment strategy from an equitable, legally sufficient, and practical perspective. The two distinct tiers are designed to maximize informed public administration and policy decision-making within the legal context of using valid special or non-ad valorem assessments, and other legally available or general funds. As a matter of policy or financial flexibility, the City Commission as the local legislative body may find it useful to impose an assessment in an amount *less* than the totally allowed assessable amount, supporting or offsetting the balance of the same costs through general revenues or other legally available means. The apportionment methodology described provides certain flexibility and readily accommodates local policy determinations regarding the relevant variables. Accordingly, the City has the means to proceed to augment the funding of its fire protection related budget in a rational, fair, and reasoned manner.

[9] The estimate of 137 governmentally-owned tax parcels does not include property owned by governmental entities which has been leased to third parties for private activities; such leasehold parcels may be subjected to special assessment.

POLICY DIRECTION AND AUTHORIZATION TO IMPLEMENT

Necessary policy direction and authorization to proceed to implement the approach can be rendered by resolution. As a courtesy, an advanced copy or form of a directory resolution will also be provided contemporaneously with this Executive Summary.

Sincerely,

Community Solutions Group,
a GAI Consultants, Inc. Service Group

Owen Beitsch, PhD, FAICP, CRE

Senior Director, Economic and Real
Estate Advisory Services

OB/shw

Attachment: Appendix A - EXEMPLARY LINE ITEM BUDGET ANALYSIS
Appendix B - FUNDING EXAMPLES

APPENDIX A

EXEMPLARY LINE ITEM BUDGET ANALYSIS

			Tier 1 Costs Relative Value of Improvements		Tier 2 Costs Readiness to Serve (per parcel)	
Expenditure Object/Name	Budget FY 2015	Budget FY 2015 Adjusted for ALS	% of Budget	Amount	% of Budget	Amount
PERSONNEL SERVICES						
Regular Salary	$1,037,934.00	$1,037,934.00	0.00%	$0.00	100.00%	$1,037,934.00
Overtime	$85,000.00	$85,000.00	100.00%	$85,000.00	0.00%	$0.00
State Contrib-Fire	$78,504.00	$78,504.00	0.00%	$0.00	100.00%	$78,504.00
FICA Taxes	$85,904.00	$85,904.00	0.00%	$0.00	100.00%	$85,904.00
Retirement	$282,637.00	$282,637.00	0.00%	$0.00	100.00%	$282,637.00
Life & Health Insurance	$162,676.00	$162,676.00	100.00%	$162,676.00	0.00%	$0.00
Worker's Compensation	$27,428.00	$27,428.00	100.00%	$27,428.00	0.00%	$0.00
Total	**$1,760,083.00**	**$1,760,083.00**		**$275,104.00**		**$1,484,979.00**
OPERATING EXPENSES						
Professional Services	$28,019.00	$28,019.00	100.00%	$28,019.00	0.00%	$0.00
Physicals	$5,000.00	$5,000.00	100.00%	$5,000.00	0.00%	$0.00
Schooling, Conference, etc.	$6,000.00	$0.00	100.00%	$0.00	0.00%	$0.00
Communication	$8,000.00	$8,000.00	100.00%	$8,000.00	0.00%	$0.00
Freight & Postage Services	$400.00	$400.00	100.00%	$400.00	0.00%	$0.00
Utility Services	$16,500.00	$16,500.00	100.00%	$16,500.00	0.00%	$0.00
Rentals & Leases	$1,500.00	$1,500.00	100.00%	$1,500.00	0.00%	$0.00
Liability Insurance	$24,050.00	$24,050.00	100.00%	$24,050.00	0.00%	$0.00
Building Maintenance	$20,000.00	$20,000.00	100.00%	$20,000.00	0.00%	$0.00
Repair Maintenance Services	$37,500.00	$37,500.00	100.00%	$37,500.00	0.00%	$0.00
Printing & Binding	$300.00	$300.00	100.00%	$300.00	0.00%	$0.00
Office Supplies	$1,800.00	$1,800.00	100.00%	$1,800.00	0.00%	$0.00
Fire Code Enforcement	$3,000.00	$3,000.00	100.00%	$3,000.00	0.00%	$0.00
Operating Supplies	$20,000.00	$20,000.00	100.00%	$20,000.00	0.00%	$0.00
Gas and Lubricants	$20,000.00	$20,000.00	100.00%	$20,000.00	0.00%	$0.00
Janitorial Supplies	$4,000.00	$4,000.00	100.00%	$4,000.00	0.00%	$0.00
Small Tools	$1,500.00	$1,500.00	100.00%	$1,500.00	0.00%	$0.00
Uniforms	$10,000.00	$10,000.00	100.00%	$10,000.00	0.00%	$0.00
Training/Educational Exp	$17,000.00	$0.00	100.00%	$0.00	0.00%	$0.00
Books, Pubs, Subs, Memberships	$300.00	$300.00	100.00%	$300.00	0.00%	$0.00
Total	**$224,869.00**	**$201,869.00**		**$201,869.00**		**$0.00**
CAPITAL OUTLAY						
Fire Grant	$0.00	$0.00	100.00%	$0.00	0.00%	$0.00
Vehicle Purchase	$139,000.00	$139,000.00	100.00%	$139,000.00	0.00%	$0.00
Total	**$139,000.00**	**$139,000.00**		**$139,000.00**		**$0.00**
DEBT SERVICE						
	$0.00	$0.00	0.00%	$0.00	0.00%	$0.00
Total	**$0.00**	**$0.00**		**$0.00**		**$0.00**
Total Overall Expenditures	**$2,123,952.00**	**$2,100,952.00**		**$615,973.00**		**$1,484,979.00**

APPENDIX B
FUNDING EXAMPLES

The following funding examples are provided for illustrative purposes to demonstrate application of the methodology contemplated herein. The dollar amounts are approximations and may reflect minor rounding errors. The annual amount of any assessments actually imposed will depend upon direction of City Commission, its staff and fire officials with respect to the underlying variables (such as the tax parcels to be excluded from the assessment for legal or public policy reasons and the authorized level of assessment funding). The percentage of costs attributable to each tier in a given fire department's budget may vary from year to year, and the percentage allocations for the PFD budget may be quite different from the allocations for fire department budgets in other municipalities or counties. Clearly, the City Commission has great policy flexibility in determining the level of assessment funding each year. The greater the contribution from the general fund will result in a lower amount of the assessment imposed against each tax parcel to fund the fire protection budget and vice versa. This combination of funding sources is itself a significant tax equity tool.

The examples are based upon (i) proposed implementation of an annual assessment program generating a gross revenue range from approximately $1,188,137 to $1,875,629, (ii) maximum assessable fire protection costs of $2,100,952, (iii) 4,407 assessable and non-excluded parcels[10] , and (iv) a total improvement value throughout the City of $446,393,647[11]. As discussed elsewhere herein, while it is legally permissible to assess for the entire cost of providing fire protection service, most jurisdictions choose to continue to pay for some portion of the overall cost through general fund transfers so as to implement and annually maintain the fire protection assessment at a politically acceptable level. The level of assessment funding may increase or decrease over time, depending on the policy determinations of the governing body. There is no need to distinguish between residential and commercial classification for purposes of calculating either tier of the assessment. The first tier is derived from the relative value of improvements associated with the tax parcel (typically excluding land) as determined solely by the Putnam County Property Appraiser's office from year to year as part of its statutory appraisal process, while the second tier focuses on the core fixed costs per tax parcel necessary to continually be ready to serve. The latter is obviously dependent upon the number of tax parcels within the City.

It is important to note that the base annual assessment amounts set forth in the examples do not include collection and administration costs. The base assessment for each tax parcel is typically adjusted prior to billing to include a pro rata share of administration and collection costs associated with the assessment program and, where the uniform collection method is utilized to collect the assessments, to account for the fees of the property appraiser and tax collector and the maximum statutory discount for the early payment of ad valorem taxes and non-ad valorem assessments. Such costs (which are in addition to the base annual assessment amounts set forth in the examples) generally do not exceed 8% of the annual assessment. The direct billing approach in the initial year will likely be less expensive in terms of future use of the tax bill collection method.

The costs of this work and judicial validation under the applicable work order can be recovered by the City as assessment program costs and/or inter-fund transfer in future budgets.

[10] The total 2014 parcel count for the City, as determined by the Putnam County Property Appraiser, was approximately 4,460, of which 53 are believed to be infeasible or impractical to assess (submerged, right of way, etc.). For purposes of the examples set forth herein, the estimated tax parcel count assumes all properties capable of development are assessed and does not exclude tax parcels for legal, policy or other reasons.

11 The total value of improvements within the City for 2014, calculated using values determined by the Putnam County Property Appraiser.

FUNDING SCENARIOS

Example 1: Funding Gross Revenue of $1,188,137 (57% of the Fire Service Budget of $2,100,952), resulting in Net Assessment Revenue of approximately $961,376.[12]

Amount recovered via Tier 1 of the assessment (relative value of improvements):	**$ 553,528.56**
Amount recovered via Tier 2 of the assessment (readiness to serve per parcel):	**$ 634,608.00**
Total amount recovered through special assessments:	**$ 1,188,136.56**

Example 1 Rates:
$1.24 per $1,000 in Relative Value of Improvements
$144.00 per Parcel

"Vacant (Unimproved)" with Improvement value = $0.00	
Tier 1 assessment (relative value of improvements) =	**$ 0.00**
Tier 2 assessment (per parcel) =	**$ 144.00**
Base annual assessment =	**$ 144.00**
SFR improvement value = $25,000.00	
Tier 1 assessment (relative value of improvements) =	**$ 31.00**
Tier 2 assessment (per parcel) =	**$ 144.00**
Base annual assessment =	**$ 175.00**
Improvement value = $100,000.00	
Tier 1 assessment (relative value of improvements) =	**$ 124.00**
Tier 2 assessment (per parcel) =	**$ 144.00**
Base annual assessment =	**$ 268.00**
Improvement value for O'Reilly Automotive = $226,308.00	
Tier 1 assessment (relative value of improvements) =	**$ 280.62**
Tier 2 assessment (per parcel) =	**$ 144.00**
Base annual assessment =	**$ 424.62**
Improvement value for McDonalds = $490,130.00	
Tier 1 assessment (relative value of improvements) =	**$ 607.76**
Tier 2 assessment (per parcel) =	**$ 144.00**
Base annual assessment =	**$ 751.76**
Improvement value for Prosperity Bank = $1,261,838.00	
Tier 1 assessment (relative value of improvements) =	**$ 1,564.68**
Tier 2 assessment (per parcel) =	**$ 144.00**
Base annual assessment =	**$ 1,708.68**
Improvement value for Wal-Mart = $8,122,624	
Tier 1 assessment (relative value of improvements) =	**$ 10,072.05**
Tier 2 assessment (per parcel) =	**$ 144.00**
Base annual assessment =	**$ 10,216.05**
Improvement value (All Governmentally-owned) = $99,472,213.00	
Tier 1 assessment (relative value of improvements) =	**$ 123,345.54**
Tier 2 assessment (137 parcels) =	**$ 19,728.00**
Base annual assessment =	**$ 143,073.54**
Improvement value (All Institutionally-owned) = $54,598,998.00	
Tier 1 assessment (relative value of improvements) =	**$ 67,702.76**
Tier 2 assessment (111 parcels) =	**$ 15,984.00**
Base annual assessment =	**$ 83,686.76**

[12] Governmentally-owned property cannot be subject to special assessment. The "cost" of exempting governmentally-owned parcels at the Example 1 funding level is approximately $143,074. Institutionally-owned parcels may be exempted as a policy. The "cost" of exempting institutionally-owned parcels at the Example 1 funding level is approximately $83,687. Net revenue, as a result of exempting governmentally and institutionally-owned parcels is $961,376 ($1,188,137 - ($143,074 + $ 83,687)). Rounding accounts for some discrepancies in numeric values.

Example 2: Funding Gross Revenue of $1,390,859 (66% of the Fire Service Budget of $2,100,952), resulting in Net Assessment Revenue of approximately $1,152,690.[13]

Amount recovered via Tier 1 of the assessment (relative value of improvements):	**$**	**553,528.56**
Amount recovered via Tier 2 of the assessment (readiness to serve per parcel):	**$**	**837,330.00**
Total amount recovered through special assessments:	**$**	**1,390,858.56**

Example 2 Rates:
$1.24 per $1,000 in Relative Value of Improvements
$190.00 per Parcel

"Vacant (Unimproved)" with Improvement value = $0.00		
Tier 1 assessment (relative value of improvements) =	**$**	**0.00**
Tier 2 assessment (per parcel) =	**$**	**190.00**
Base annual assessment =	**$**	**190.00**
SFR improvement value = $25,000.00		
Tier 1 assessment (relative value of improvements) =	**$**	**31.00**
Tier 2 assessment (per parcel) =	**$**	**190.00**
Base annual assessment =	**$**	**221.00**
Improvement value = $100,000.00		
Tier 1 assessment (relative value of improvements) =	**$**	**124.00**
Tier 2 assessment (per parcel) =	**$**	**190.00**
Base annual assessment =	**$**	**314.00**
Improvement value for O'Reilly Automotive = $226,308.00		
Tier 1 assessment (relative value of improvements) =	**$**	**280.62**
Tier 2 assessment (per parcel) =	**$**	**190.00**
Base annual assessment =	**$**	**470.62**
Improvement value for McDonalds = $490,130.00		
Tier 1 assessment (relative value of improvements) =	**$**	**607.76**
Tier 2 assessment (per parcel) =	**$**	**190.00**
Base annual assessment =	**$**	**797.76**
Improvement value for Prosperity Bank = $1,261,838.00		
Tier 1 assessment (relative value of improvements) =	**$**	**1,564.68**
Tier 2 assessment (per parcel) =	**$**	**190.00**
Base annual assessment =	**$**	**1,754.68**
Improvement value for Wal-Mart = $8,122,624		
Tier 1 assessment (relative value of improvements) =	**$**	**10,072.05**
Tier 2 assessment (per parcel) =	**$**	**190.00**
Base annual assessment =	**$**	**10,262.05**
Improvement value (All Governmentally-owned) = $99,472,213.00		
Tier 1 assessment (relative value of improvements) =	**$**	**123,345.54**
Tier 2 assessment (137 parcels) =	**$**	**26,030.00**
Base annual assessment =	**$**	**149,375.54**
Improvement value (All Institutionally-owned) = $54,598,998.00		
Tier 1 assessment (relative value of improvements) =	**$**	**67,702.76**
Tier 2 assessment (111 parcels) =	**$**	**21,090.00**
Base annual assessment =	**$**	**88,792.76**

[13] Governmentally-owned property cannot be subject to special assessment. The "cost" of exempting governmentally-owned parcels at the Example 2 funding level is approximately $149,376. Institutionally-owned parcels may be exempted as a policy. The "cost" of exempting institutionally-owned parcels at the Example 2 funding level is approximately $88,793. Net revenue, as a result of exempting governmentally and institutionally-owned parcels is $1,152,690 ($1,390,859 - ($149,376 + $ 88,793)). Rounding accounts for some discrepancies in numeric values.

Example 3: Funding Gross Revenue of $1,611,209 (77% of the Fire Service Budget of $2,100,952), resulting in Net Assessment Revenue of approximately $1,360,640.[14]

Amount recovered via Tier 1 of the assessment (relative value of improvements):	$	**553,528.56**
Amount recovered via Tier 2 of the assessment (readiness to serve per parcel):	$	**1,057,680.00**
Total amount recovered through special assessments:	$	

Example 3 Rates:

$1.24 per $1,000 in Relative Value of Improvements

$240.00 per Parcel

"Vacant (Unimproved)" with Improvement value = $0.00		
Tier 1 assessment (relative value of improvements) =	$	**0.00**
Tier 2 assessment (per parcel) =	$	**240.00**
Base annual assessment =	$	**240.00**
SFR improvement value = $25,000.00		
Tier 1 assessment (relative value of improvements) =	$	**31.00**
Tier 2 assessment (per parcel) =	$	**240.00**
Base annual assessment =	$	**271.00**
Improvement value = $100,000.00		
Tier 1 assessment (relative value of improvements) =	$	**124.00**
Tier 2 assessment (per parcel) =	$	**240.00**
Base annual assessment =	$	**364.00**
Improvement value for O'Reilly Automotive = $226,308.00		
Tier 1 assessment (relative value of improvements) =	$	**280.62**
Tier 2 assessment (per parcel) =	$	**240.00**
Base annual assessment =	$	**520.62**
Improvement value for McDonalds = $490,130.00		
Tier 1 assessment (relative value of improvements) =	$	**607.76**
Tier 2 assessment (per parcel) =	$	**240.00**
Base annual assessment =	$	**847.76**
Improvement value for Prosperity Bank = $1,261,838.00		
Tier 1 assessment (relative value of improvements) =	$	**1,564.68**
Tier 2 assessment (per parcel) =	$	**240.00**
Base annual assessment =	$	**1,804.68**
Improvement value for Wal-Mart = $8,122,624		
Tier 1 assessment (relative value of improvements) =	$	**10,072.05**
Tier 2 assessment (per parcel) =	$	**240.00**
Base annual assessment =	$	**10,312.05**
Improvement value (All Governmentally-owned) = $99,472,213.00		
Tier 1 assessment (relative value of improvements) =	$	**123,345.54**
Tier 2 assessment (137 parcels) =	$	**32,880.00**
Base annual assessment =	$	**156,225.54**
Improvement value (All Institutionally-owned) = $54,598,998.00		
Tier 1 assessment (relative value of improvements) =	$	**67,702.76**
Tier 2 assessment (111 parcels) =	$	**26,640.00**
Base annual assessment =	$	**94,342.76**

[14] Governmentally-owned property cannot be subject to special assessment. The "cost" of exempting governmentally-owned parcels at the Example 3 funding level is approximately $156,226. Institutionally-owned parcels may be exempted as a policy. The "cost" of exempting institutionally-owned parcels at the Example 3 funding level is approximately $94,343. Net revenue, as a result of exempting governmentally and institutionally-owned parcels is $1,130,640 ($1,611,209 - ($156,226 + $ 94,343)). Rounding accounts for some discrepancies in numeric values.

Example 4: Funding Gross Revenue of $1,875,629 (89% of the Fire Service Budget of $2,100,952), resulting in Net Assessment Revenue of approximately $1,610,180.[15]

Amount recovered via Tier 1 of the assessment (relative value of improvements):	**$**	**553,528.56**
Amount recovered via Tier 2 of the assessment (readiness to serve per parcel):	**$**	**1,322,100.00**
Total amount recovered through special assessments:	**$**	**1,875,628.56**

Example 4 Rates:
$1.24 per $1,000 in Relative Value of Improvements
$300.00 per Parcel

"Vacant (Unimproved)" with Improvement value = $0.00		
Tier 1 assessment (relative value of improvements) =	**$**	**0.00**
Tier 2 assessment (per parcel) =	**$**	**300.00**
Base annual assessment =	**$**	**300.00**
SFR improvement value = $25,000.00		
Tier 1 assessment (relative value of improvements) =	**$**	**31.00**
Tier 2 assessment (per parcel) =	**$**	**300.00**
Base annual assessment =	**$**	**331.00**
Improvement value = $100,000.00		
Tier 1 assessment (relative value of improvements) =	**$**	**124.00**
Tier 2 assessment (per parcel) =	**$**	**300.00**
Base annual assessment =	**$**	**424.00**
Improvement value for O'Reilly Automotive = $226,308.00		
Tier 1 assessment (relative value of improvements) =	**$**	**280.62**
Tier 2 assessment (per parcel) =	**$**	**300.00**
Base annual assessment =	**$**	**580.62**
Improvement value for McDonalds = $490,130.00		
Tier 1 assessment (relative value of improvements) =	**$**	**607.76**
Tier 2 assessment (per parcel) =	**$**	**300.00**
Base annual assessment =	**$**	**907.76**
Improvement value for Prosperity Bank = $1,261,838.00		
Tier 1 assessment (relative value of improvements) =	**$**	**1,564.68**
Tier 2 assessment (per parcel) =	**$**	**300.00**
Base annual assessment =	**$**	**1,864.68**
Improvement value for Wal-Mart = $8,122,624		
Tier 1 assessment (relative value of improvements) =	**$**	**10,072.05**
Tier 2 assessment (per parcel) =	**$**	**300.00**
Base annual assessment =	**$**	**10,372.05**
Improvement value (All Governmentally-owned) = $99,472,213.00		
Tier 1 assessment (relative value of improvements) =	**$**	**123,345.54**
Tier 2 assessment (137 parcels) =	**$**	**41,100.00**
Base annual assessment =	**$**	**164,445.54**
Improvement value (All Institutionally-owned) = $54,598,998.00		
Tier 1 assessment (relative value of improvements) =	**$**	**67,702.76**
Tier 2 assessment (111 parcels) =	**$**	**33,300.00**
Base annual assessment =	**$**	**101,002.76**

[15] Governmentally-owned property cannot be subject to special assessment. The "cost" of exempting governmentally-owned parcels at the Example 4 funding level is approximately $164,446. Institutionally-owned parcels may be exempted as a policy. The "cost" of exempting institutionally-owned parcels at the Example 4 funding level is approximately $101,003. Net revenue, as a result of exempting governmentally and institutionally-owned parcels is $1,610,180 ($1,875,629 - ($164,446 + $ 101,003)). Rounding accounts for some discrepancies in numeric values.